

Message Text

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ACTION AID-59

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FM AMEMBASSY GUATEMALA

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UNCLAS GUATEMALA 1690

AIDAC/AID/PHA/FDRC AND ARA-LA/CEN

EO 11652: N/A

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SUBJECT: GUATEMALAN EARTHQUAKE - RECONSTRUCTION FINANCING NEEDS

1. PLANNING SECRETARY, GONZALEZ CAMPO PRESENTED TO AID, IBRD, BID AND CABEI REPS ON FEBRUARY 26 THE RESULTS OF THE GO'S PRELIMINARY ESTIMATE OF DAMAGE AND FINANCIAL NEEDS FOR THE FOUR-YEAR RECONSTRUCTION EFFORT. HE EXPLAINED THAT THE LARGES ITEM, HOUSING, WAS HIGHER THAN THE REAL VALUE OF THE HOUSING DESTROYED BECAUSE THE GOVERNMENT'S OBJECTIVE IS TO PROVIDE BETTER HOUSING AND THEREFORE IMPROVE THE STANDARD OF LIVING IN THE RURAL AREAS. HE ALSO NOTED THAT WHILE THE PLAN COVERS FOUR YEARS, CERTAIN PRIORITY AREAS SUCH AS RURAL HOUSING MUST BE COVERED IN THE FIRST TWO YEARS. WHILE PLAN IS PRELIMINARY AND MUST STILL BE OFFICIALLLY ADOPTED BY THE GOVERNMENT, IT REPRESENTS THE BEST ANALYSIS TO DATE OF FINANCIAL NEEDS.

2. THE FOUR-YEAR FINANCIAL PLAN CALLS FOR TOTAL INVESTMENT OF \$746.5 MILLION FINANCED BY (IN IS \$MILLION): GOG 147.2; PRIVATE SECTOR 327.2; GRANTS 86.9; FOREIGN LOANS 184.4; ND, AUTONOMOUS INSTITUTIONS 0.8. DISTRIBUTION BY SECTORS AS FOLLOWS:

A. HOUSING	TOTAL	488.3 MILLION
GUATEMALA CITY	58,760 UNITS	235.0
DEPARTMENT CAPITAL	11,237 UNITS	39.3
MUNICIPALITIES	38,358 UNITS	34.5
RURAL HOUSING	113,906 UNITS	102.5
RUBBLE REMOVAL	12.0	

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URBAN REPAIRS 30.0

DURABLE GOODS 35.0

B. INFRASTRUCTURE IN SUPPORT OF PRODUCTION 71.5

ROADS AND BRIDGES 38.0

SECONDARY ROADS 9.0

RAILROADS 1.2

AIRPORTS .4

TELECOMMUNICATIONS 3.1

PORTS 16.2

ELECTRIC ENERGY 1.1

AGRICULTURAL INFRASTRUCTURE 2.5

C. SOCIAL INFRASTRUCTURE 147.3

HEALTH 47.8

EDUCATION 42.7

SOCIAL WELFARE 6.3

POTABLE WATER, CAPITAL 3.4

WATER SUPPLY AND SEWER SYSTEMS 8.5

URBAN PAVING 2.0

CENTRAL GOVERNMENT BUILDINGS 12.0

MUNICIPAL BUILDINGS 15.0

CHURCHES 5.6

ARCH. SITES AND MONUMENTS 4.0

D. PRODUCTIVE SECTORS 39.4

AGRICULTURE 7.9

INDUSTRY 11.5

COMMERCE 5.0

SERVICES 15.0

3. AFTER DISCUSSING NEEDS, GONZALEZ CAMPO PRESENTED TABLE
SHOWING PROJECTED SUPPORT WHICH INCLUDED:

A. DONATIONS 86.9 (AID 50.0, OTHER BILATERAL 10.0, PRIVATE
INTERNAL 4.9, EXTERNAL PRIVATE 22.0)

B. LOANS 184.4 (BID 86.4; IBRD 45.0; CABI 13.0; OTHER
BILATERAL 10.0, AID 30.0).

4. THE AGENCIES WERE ASKED TO CONCENTRATE THEIR EFFORTS AS
FOLLOWS:

A. IBRD - SITES AND SERVICES IN GUATEMALA AND LOANS THROUGH
THE TRUST FUND FOR HOUSING IN DEPARTMENTAL CAPITALS AND LARGER
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MUNICIPALITIES, (20 MILLION); DOCK FACILITIES PUERTO BARRIOS
(10.0); AND, SECONDARY EDUCATION (15.0)

B. IDB - HOUSING GUATEMALA CITY AND DEPARTMENTAL CAPITALS
(20.0); PRIMARY AND SECONDARY ROADS (16.0); HEALTH (40.0)
AND WATER SUPPLIES (10.4). IDB REP EXPLAINED THAT WATER
SUPPLY FUNDS WERE BEING REDIRECTED FROM EXISTING LOANS, 10
MILLION OF HEALTH TOTAL REPRESENTS FUNDS TO BE SPENT ON
HEALTH UNITS, CENTERS, ETC. IN DISASTER AREA UNDER NEQ RURAL

HEALTH LOAN TO BE AUTHORIZED SHORTLY, AND SOME FUNDS FOR ROADS WOULD ALSO BE REDIRECTED FROM EXISTING LOANS. ALSO, PERHAPS 8 OF THE 20 MILLION FOR HOUSING MIGHT COME FROM SPTF REPAYMENTS.

C. CABEI - PRIMARY ROADS (8.5), TELECOMMUNICATIONS (2.0), URBAN PAVING (2.0), ELECTRIC ENERGY (0.5). CABEI REP INDICATED THAT 15.0 FOR HOUSING MIGHT ALSO BE MADE AVAILABLE UNDER CABEI/ROCAP HOUSING PROGRAM.

D. AID - HOUSING IN SMALL TOWNS (35.0 DONATION, 15.0 LOAN), RUBBLE REMOVAL (5.0 DONATION), PRIMARY EDUCATION (15.0 LOAN) MUNICIPAL RECONSTRUCTION (5.0 DONATION), HIGHWAYS (5.0 DONATION). USAID REP AGREED THAT THESE REPRESENT OUR GENERAL AREAS OF INTEREST, NOTED THAT WE HAVE ALREADY REQUESTED A GRANT FROM CONGRESS AND ADDED THAT THE MAGNITUDE, THE LOAN-GRANT MIX AND THE TIMING OVER THE FOUR-YEAR RECONSTRUCTION PERIOD WOULD HAVE TO BE CONSIDERED IN GREATER DETAIL BEFORE WE COULD MAKE RECOMMENDATIONS TO WASHINGTON.

E. OTHER BILATERAL - HOUSING IN SMALL TOWNS (7.0 DONATION, 10.0 LOAN), RUBBLE REMOVAL (2.0 DONATION) AND BRIDGES (1.0 DONATION).

5. ON BASIS OF DISCUSSIONS PLANNING COUNCIL WILL PROVIDE REVISED TABLE NEXT WEEK. MISSION WILL CONTINUE DISCUSSIONS AND ANALYSIS MENTIONED ABOVE.

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